

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

JAMES MCDANIEL

DECEMBER 11, 2013



DOCKET NO. 2013-387-C

**PETITION OF THE OFFICE OF REGULATORY STAFF FOR COMMISSION TO
ORDER A RULE TO SHOW CAUSE AS TO WHY THE CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY FOR CERTAIN PROVIDERS OF
TELECOMMUNICATIONS SERVICES SHOULD NOT BE REVOKED FOR FAILURE
TO FILE GROSS RECEIPTS, 2012 ANNUAL REPORTS AND USE REPORTS**

DIRECT TESTIMONY OF JAMES MCDANIEL

FOR

THE OFFICE OF REGULATORY STAFF

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is James McDaniel. My business address is 1401 Main Street, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS"). I hold the position of Program Manager – Telecommunications.

Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND YOUR BUSINESS EXPERIENCE?

A. I received a B.S. Degree in Engineering from the University of South Carolina in December of 1975. I was employed by the Public Service Commission of South Carolina ("Commission") in February of 1976. I worked for over 28 years in the Commission's Utilities Department. In September 2004, I was hired by ORS to work in the Telecommunications Department. Most of my career has been devoted to the regulation of the telecommunications industry in South Carolina.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present evidence showing that certain telecommunications carriers, including payphone service providers subject to Commission jurisdiction have failed to file 2013 Gross Receipts Forms, 2012 Annual Report Forms, and the 2013 Universal Service Fund ("USF") Contribution Worksheet ("USF Report") with ORS.

1 **Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE A GROSS**
2 **RECEIPTS FORM?**

3 **A.** Yes. Pursuant to S.C. Code Ann. Sections 58-1-100, 58-3-540, 58-4-60 and 58-9-370
4 (Supp. 2013), telecommunications carriers, under the jurisdiction of the Commission, are
5 assessed annually by the Department of Revenue. These assessments are based on the
6 revenues reported and submitted by each telecommunications carrier on the Gross
7 Receipts Form.

8 **Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE AN**
9 **ANNUAL REPORT?**

10 **A.** Yes. Pursuant to S.C. Code Ann. Section 58-9-370 (Supp. 2013), telecommunications
11 carriers, under the jurisdiction of the Commission, are required to file annual reports.

12 **Q. ARE CARRIERS REQUIRED TO FILE A UNIVERSAL SERVICE FUND**
13 **CONTRIBUTION WORKSHEET?**

14 **A.** Yes. The Commission approved USF guidelines require each carrier to file on an annual
15 basis the information necessary to allow ORS to calculate each company's South
16 Carolina USF support amount. The guidelines were approved in Commission Order No.
17 2001-996.

18 **Q. WHAT IS YOUR ROLE WITH REGARD TO THE FILING OF THE GROSS**
19 **RECEIPTS FORM, ANNUAL REPORT AND THE USF REPORT?**

20 **A.** I, along with other ORS employees, have the responsibility for ensuring the carrier's
21 compliance with Commission Regulations, Orders, and Directives as well as statutory
22 requirements. Gross Receipts Forms were required to be filed by August 31, 2013.

1 Annual Report Forms were due from carriers on April 1, 2013. USF Reports were due
2 from carriers on July 1, 2013.

3 **Q. PLEASE EXPLAIN EXHIBIT A ATTACHED TO YOUR TESTIMONY.**

4 **A.** Exhibit A identifies those carriers that have failed to file a Gross Receipts Form as of
5 December 10, 2013.

6 **Q. PLEASE EXPLAIN EXHIBIT B ATTACHED TO YOUR TESTIMONY.**

7 **A.** Exhibit B identifies those telecommunications carriers that have failed to file an Annual
8 Report Form as of December 10, 2013.

9 **Q. PLEASE EXPLAIN EXHIBIT C ATTACHED TO YOUR TESTIMONY.**

10 **A.** Exhibit C identifies those telecommunications carriers that have failed to file the USF
11 Report as of December 10, 2013.

12 **Q. HAS ORS RECEIVED ANY RESPONSE FROM THE CARRIERS INITIALLY**
13 **NAMED IN THE RULE TO SHOW CAUSE PETITION?**

14 **A.** ORS has received several responses from carriers since the filing of the Petition. To the
15 extent additional carriers come into compliance before the Commission's hearing in this
16 matter, ORS will provide a revised Exhibit A, Exhibit B, and Exhibit C to accurately
17 reflect only those companies which remain out of compliance at the time of the
18 Commission hearing.

19 **Q. WHAT ACTION DOES ORS RECOMMEND THAT THE COMMISSION TAKE?**

20 **A.** ORS recommends that the Commission revoke the Certificates of Public Convenience
21 and Necessity for those carriers that have failed to file a Gross Receipts Form, Annual
22 Report Form, and/or USF Report as required.

23 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

1 **A.** Yes, it does.

Telecommunications Carriers Non-Compliant with Gross Receipts Filing 2013
Docket No. 2013-387-C
December 10, 2013

EXHIBIT A

No.	Company	Type of Certificate	Address	City	State	Zip	Docket No.	Order No.	Certified Date	Secretary of State Standing
1	Advanced Communications Solutions, LLC	CLEC IXC	PO Box 98	Holly Springs	NC	27540-0098	2011-119-C	2011-539	8/3/2011	Good Standing
2	American Broadband, Inc.	CLEC IXC	1321 Connellsville Rd	Lemont Furnace	PA	15456	2004-343-C	2005-127	3/22/2005	Good Standing
3	Association Administrators, Inc.	IXC	180 E Main St, #200	Smithtown	NY	11787	1997-163-C	1997-893	10/17/1997	Good Standing
4	Inmate Communications Corporation	IXC	31127 Via Colinas Ste 807	Westlake Village	CA	91362	1992-518-C	1993-148	2/24/1993	Good Standing
5	Yak Communications (America) Inc.	IXC	PO Box 414629	Miami Beach	FL	33141	2002-387-C	2003-532	9/22/2003	Forfeiture
6	Garvin Oil Company, Inc.	PSP	PO Box 1249	Wagener	SC	29164-1249	1985-150-C	1996-29	1/10/1996	Good Standing
7	Ljam, Inc.	PSP	1119 Charleston Hwy	West Columbia	SC	29169	1985-150-C	1997-174	3/6/1997	Good Standing

Telecommunications Carriers Non-Compliant with Annual Reports Filing 2013
Docket No. 2013-387-C
December 10, 2013

EXHIBIT B

No.	Company	Type of Certificate	Address	City	State	Zip	Docket No.	Order No.	Certified Date	Secretary of State Standing
1	Advanced Communications Solutions, LLC	CLEC IXC	PO Box 98	Holly Springs	NC	27540-0098	2011-119-C	2011-539	08/03/11	Good Standing
2	Pac-West Telecomm, Inc.	CLEC IXC	4550 Lakefield Bend	Berkeley Lake	GA	30096	2010-411-C	2011-318	04/26/11	Good Standing
3	Yak Communications (America) Inc.	IXC	PO Box 414629	Miami Beach	FL	33141	2002-387-C	2003-532	09/22/03	Forfeiture

Telecommunications Carriers Non-Compliant with Universal Service Fund Filing 2013
Docket No. 2013-387-C
December 10, 2013

EXHIBIT C

No.	Company	Type of Certificate	Address	City	State	Zip	Docket No.	Order No.	Certified Date	Secretary of State Standing
1	American Broadband, Inc.	CLEC/IXC	1321 Connellsville Rd	Lemont Furnace	PA	15456	2004-343-C	2005-127	03/22/05	Good Standing
2	iNetworks Group, Inc.	CLEC/IXC	125 S Wacker Dr, Ste 2510	Chicago	IL	60606	2009-164-C	2009-553	08/06/09	Good Standing
3	Yak Communications (America) Inc.	IXC	PO Box 414629	Miami Beach	FL	33141	2002-387-C	2003-532	09/22/03	Forfeiture